

TOWNSHIP OF DALTON
MUSKEGON COUNTY, MICHIGAN

FINANCIAL STATEMENTS

MARCH 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name DALTON	County MUSKEGON
Audit Date 3/31/05	Opinion Date 7/8/05	Date Accountant Report Submitted to State: 9/30/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) RICHARD B. PARKER, CPA, PC			
Street Address 2264 EAST MEINERT	City HOLTON	State MI	ZIP 49425
Accountant Signature <i>Richard B. Parker</i>		Date 9/30/05	

DALTON TOWNSHIP MUSKEGON COUNTY
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RICHARD B. PARKER, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
2264 EAST MEINERT
HOLTON, MICHIGAN 49425
(616) 893-3178

Dalton Township Board
Muskegon County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dalton Township, Muskegon County, Michigan, as of and for the year ended March 31, 2005 which collectively comprise the township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Dalton Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dalton Township, as of March 31, 2005 and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America.

As described in Note 16 the township adopted the provisions of the Governmental Accounting Standards board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," as amended by GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues;" GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," as amended by GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis," GASB Statement No. 38, "Certain Financial Statement Note Disclosures," and Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures," as April 1, 2004.

The required supplementary information as identified in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries to management regarding the methods of measurements and the presentation of supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Dalton Township's basic financial statements. The accompanying supplemental financial information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

Dalton Township has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Richard B. Parker

Certified Public Accountant

July 8, 2005
Holton, Michigan

DALTON TOWNSHIP
Government-Wide Statement of Net Assets
March 31, 2005

Governmental
Activities

ASSETS

Current Assets -

Cash and cash equivalents	\$ 643,374
Investments	320,200
Special assessments receivable	22,328
Taxes receivable	53,377
Accounts receivable	90,002
Due from other fund	4,046
Prepaid expenses	10,059

Noncurrent Assets -

Capital assets, net of accumulated depreciation	<u>1,134,316</u>
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TOTAL ASSETS

\$2,277,702

LIABILITIES AND NET ASSETS

Current Liabilities -

Accounts payable	\$ 48,121
Due to other fund	400

Noncurrent Liabilities -

Notes payable - due within one year	6,160
Notes payable - due in more than one year	37,840
Bonds payable - due within one year	20,000
Bonds payable - due in more than one year	90,000
Contracts payable - due within one year	63,371
Contracts payable - due in more than one year	<u>86,896</u>

TOTAL LIABILITIES

352,788

Net Assets -

Invested in capital assets, net of related debt	984,049
Restricted for	
Fire operating	197,203
Fire equipment	53,639
Building department	30,617
Other purposes	(18,782)
Unrestricted	<u>678,188</u>

TOTAL NET ASSETS

1,924,914

TOTAL LIABILITIES AND NET ASSETS

\$2,277,702

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP
Government-Wide Statement of Activities
For the Year Ended March 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental Activities			
Legislative	\$ 13,094	\$	\$ (13,094)
General Government	544,308	56,898	(487,410)
Public safety	493,476	135,035	(358,441)
Public works	140,971	4,330	(136,641)
Recreation and culture	40,948		(40,948)
Other functions	152,996		(152,996)
Interest on long term debt	<u>19,758</u>		<u>(19,758)</u>
Total Governmental Activities	<u>1,405,551</u>	<u>196,263</u>	<u>(1,209,288)</u>
General revenues			
Property taxes			497,584
State Shared revenues			522,609
Investment earnings			24,359
Other			<u>160,388</u>
Total General Revenues			<u>1,204,940</u>
Change in Net Assets			(4,348)
Net Assets - Beginning			<u>1,929,262</u>
Net Assets - Ending			<u>\$ 1,924,914</u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP
Balance Sheet
GOVERNMENTAL FUNDS
March 31, 2005

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Equipment</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$280,782	\$180,150	\$45,700
Investments	320,200	-	-
Special assessments receivable	-	-	-
Taxes receivable	21,776	20,857	7,939
Accounts receivable	83,740	-	-
Due from other funds	4,046	2,671	-
Prepaid expenses	10,059	-	-
	<u>\$720,603</u>	<u>\$203,678</u>	<u>\$53,639</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Accounts payable	\$ 32,816	\$ 6,475	\$ -
Due to other funds	9,599	-	-
Deferred revenue	-	-	-
	<u>42,415</u>	<u>6,475</u>	<u>-</u>
TOTAL LIABILITIES			
FUND BALANCES:			
Unrestricted	678,188	-	-
Restricted	-	197,203	53,639
	<u>678,188</u>	<u>197,203</u>	<u>53,639</u>
TOTAL FUND BALANCE			
	<u>\$720,603</u>	<u>\$203,678</u>	<u>\$53,639</u>

The notes to the financial statements are an integral part of this statement.

<u>Building Department</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
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\$26,657	\$110,085	\$ 643,374
-	-	320,200
-	104,492	104,492
-	2,805	53,377
6,262	-	90,002
6,528	-	13,245
-	-	10,059

<u>\$39,447</u>	<u>\$217,382</u>	<u>\$1,234,749</u>
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\$ 8,830	\$ -	\$ 48,121
-	-	9,599
-	82,164	82,164
<u>8,830</u>	<u>82,164</u>	<u>139,884</u>

-	-	678,188
<u>30,617</u>	<u>135,218</u>	<u>416,677</u>
<u>30,617</u>	<u>135,218</u>	<u>1,094,865</u>
<u>\$39,447</u>	<u>\$217,382</u>	<u>\$1,234,749</u>

DALTON TOWNSHIP
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of
Net Assets
March 31, 2005

Total Governmental Fund Balances	\$1,094,865
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Total net assets reported for governmental activities in the Statement of Net Assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets are:

Governmental capital assets	1,944,835
Governmental accumulated depreciation	(810,519)

Long term liabilities are not due and payable in the current period and are not reported in the fund statements. Long term liabilities reported in the Statement of Net Assets that are not reported in the funds balance sheet are:

Notes payable	(44,000)
Bonds payable	(110,000)
Contracts payable	<u>(150,267)</u>

Net Assets of Governmental Activities	<u>\$1,924,914</u>
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DALTON TOWNSHIP
Statement of Revenues and Expenditures and
Changes in Fund Balance
GOVERNMENTAL FUNDS
For the Year Ended March 31, 2005

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Equipment</u>
REVENUES:			
Taxes	\$188,730	\$210,321	\$80,177
Licenses and permits	1,894	-	-
State grants	522,609	-	-
Charges for services	49,681	32,167	-
Interest earned	10,371	1,132	281
Rent	4,330	-	-
Other revenue	<u>140,051</u>	<u>2,100</u>	<u>-</u>
TOTAL REVENUE	<u>917,666</u>	<u>245,720</u>	<u>80,458</u>
EXPENDITURES:			
Legislative	13,094	-	-
General government	499,464	-	-
Public safety	73,046	209,735	-
Public works	94,676	-	-
Recreation and cultural	40,948	-	-
Other functions	152,996	-	-
Capital outlay	38,452	21,637	-
Debt service -			
Principal	-	-	54,514
Interest and fiscal changes	<u>-</u>	<u>-</u>	<u>7,079</u>
TOTAL EXPENDITURES	<u>912,676</u>	<u>231,372</u>	<u>61,593</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,990</u>	<u>14,348</u>	<u>18,865</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	673	-	-
Transfers to other funds	<u>(12,565)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(11,892)</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(6,902)	14,348	18,865
FUND BALANCE - APRIL 1, 2004	<u>685,090</u>	<u>182,855</u>	<u>34,774</u>
FUND BALANCE - MARCH 31, 2005	<u>\$678,188</u>	<u>\$197,203</u>	<u>\$53,639</u>

The notes to the financial statements are an integral part of this statement.

<u>Building Department</u>	<u>Non-Major Governmental Funds</u>	<u>TOTAL Governmental Funds</u>
\$ -	\$ 18,356	\$ 497,584
102,868	-	104,762
-	-	522,609
-	5,323	87,171
281	12,294	24,359
-	-	4,330
-	<u>18,236</u>	<u>160,387</u>
<u>103,149</u>	<u>54,209</u>	<u>1,401,202</u>
-	-	13,094
-	17,660	517,124
97,291	16,967	397,039
-	21,143	115,819
-	-	40,948
-	-	152,996
-	-	60,089
-	35,395	89,909
-	<u>12,679</u>	<u>19,758</u>
<u>97,291</u>	<u>103,844</u>	<u>1,406,776</u>
<u>5,858</u>	<u>(49,635)</u>	<u>(5,574)</u>
-	12,565	13,238
-	<u>(673)</u>	<u>(13,238)</u>
-	<u>11,892</u>	<u>-</u>
5,858	(37,743)	(5,574)
<u>24,759</u>	<u>172,961</u>	<u>1,100,439</u>
<u>\$ 30,617</u>	<u>\$135,218</u>	<u>\$1,094,865</u>

DALTON TOWNSHIP
Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended March 31, 2005

Net change in Fund balances - Total Governmental Funds	\$(5,574)
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	(88,683)
Repayments of long term debt principal is an expenditure in the governmental funds, but not in the Statement of Activities	<u>89,909</u>
Change in Net Assets of Governmental Activities	<u>\$(4,348)</u>

DALTON TOWNSHIP
Statement of Net Assets
FIDUCIARY FUNDS
March 31, 2005

ASSETS

Cash	\$23,627
Due from other funds	<u>400</u>
	<u>\$24,027</u>

LIABILITIES

Accounts payable	\$ 2,268
Due to other funds	4,046
Due to other governments	<u>17,713</u>
	<u>\$24,027</u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Page 1

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the township:

Reporting Entity

Dalton Township is located in Muskegon County and provides services to its residents in many areas including public safety, highways and streets, general administrative services, fire protection, and community enrichment and development. The township is a general law township, and is governed by a 7 member board elected by the citizens of Dalton Township. The board consists of the supervisor, clerk, treasurer and four trustees whom reside in the township.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based upon this criteria, there are no other entities included in this report.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net assets and the Statement of Changes in Net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as needed.

The township reports the following major governmental funds:

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Operating Fund accounts for the millage revenue that is reserved for the operation of the fire department.

Fire Equipment fund accounts for the millage revenue that is reserved for the purchase of fire equipment.

Building Department fund (State Construction Code) accounts for revenue that is reserved for the enforcement of the building code.

Additionally, the township reports the following fund types:

Agency Funds - These funds account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition.

Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building and Building Improvements	15 to 25 years
Vehicles	3 to 15 years
Equipment	3 to 10 years

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The annual budget is prepared by the township supervisor and adopted by the township board at the annual public hearing. The township board approves all subsequent amendments to the budget. The General Fund and special revenue funds are under formal budgetary control. The budget has been prepared on the modified accrual basis, which is in accordance with generally accepted accounting principles. Unexpended appropriations lapse at year-end. The budget has been adopted on an activity basis. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted. There were no amendments to the original budget during the year ended March 31, 2005.

Excess of Expenditures Over Appropriation in Budgeted Funds

Public Act 2 of 1968, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

During the year, the township incurred expenditures in certain budgetary fund which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess Expenditures</u>
General -			
Assessor	\$ 58,560	\$ 62,568	\$ 4,008
Planning commission	4,640	7,801	3,161
Sanitary landfill	40,000	50,312	10,312
Library	18,500	24,747	6,247
Other functions	119,200	152,996	33,796

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2005

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NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91 authorizes the township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government of Federal agency obligation repurchase agreements; bankers' acceptance of United States Banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of township funds. The investment policy adopted by the board in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The township's deposits and investment policy are in accordance with statutory authority.

At the year-end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$643,374	\$23,627	\$667,001
Investments	<u>320,200</u>	<u>-</u>	<u>320,200</u>
Total	<u>\$963,574</u>	<u>\$23,627</u>	<u>\$987,201</u>

The breakdown between deposits and investments is as follows:

Bank deposits (Checking Accounts)	\$643,274
Investments in Money Market and Government Operating Money Market	320,200
Petty Cash and Cash on Hand	<u>100</u>
	<u>\$963,574</u>

The bank balance of the Township's deposits is \$1,007,758, of which \$100,000 is covered by Federal depository insurance.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS(continued)

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the township or its agent in the township's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the township's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the township's name.

At year-end, the township's investment balances were categorized as follows:

	Reported Amount (Fair Value)
Investment Not Subject to Categorization Government Operating MM	<u>\$320,200</u>

The township has investments with Comerica Bank. The nature of money market and government operating money market accounts does not allow for risk-categorization, which is in accordance with GASB Statement No. 3. The risk and nonrisk-categorized investments are carried at cost, which is also the market value.

NOTE 4 - PROPERTY TAXES

Property taxes are levied on each December 1st on the taxable valuation of property located in the township as of the preceding December 31st. The township property taxes were levied and collectible on December 1, 2004. It is the policy of the township to recognize revenue from the current tax levy in the fiscal year when proceeds of this levy are budgeted and made available for the financing of operations.

The 2004 taxable valuation of the township amounted to \$176,016,581 on which ad valorem taxes of 1.0444 mills were levied for township operating purposes, 1.2051 mills for fire operations, and .4595 mills for the fire equipment resulting in property tax revenue of \$183,832, \$212,130, and \$80,867, respectively, during the fiscal year ended March 31, 2005. These amounts are recognized in the respective General and Special Revenue Fund financial statements as tax revenue.

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2005

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NOTE 5 - RECEIVABLES

Special Assessments Receivable - Governmental Funds

The township collects special assessments in the Debt Service Funds to collect for expenses incurred by the township for road improvements and sewer system. The special assessments are billed on the township's tax bills. As of March 31, 2005 the Debt Service Fund had special assessments receivable of \$104,492.

Special assessments receivable as of March 31, 2005 are as follows:

Page Road	\$ 72
Dalson Road	2,585
Strand Road	57,835
Williamson Sewer	<u>44,000</u>
	<u>\$104,492</u>

Accounts Receivable

Receivables as of year-end for the township's individual major and nonmajor funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	<u>General Fund</u>	<u>Building Department</u>	<u>Total</u>
State Shared Revenue	\$77,741	\$ -	\$77,741
Other gross receivables	5,999	6,262	12,261
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$83,740</u>	<u>\$6,262</u>	<u>\$90,002</u>

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2005

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NOTE 6 - CAPITAL ASSETS

Capital asset activity of the township for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Subtotal	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Capital assets Being Depreciated				
Land improvements	9,765	-	-	9,765
Buildings and building improvements	1,145,916	-	-	1,145,916
Equipment	58,145	13,920	-	72,065
Vehicles	<u>677,089</u>	<u>-</u>	<u>-</u>	<u>677,089</u>
Subtotal	<u>1,890,915</u>	<u>13,920</u>	<u>-</u>	<u>1,904,835</u>
Less Accumulated Depreciation for				
Land improvements	1,953	977	-	2,930
Buildings	462,431	46,621	-	509,052
Equipment	25,852	9,866	-	35,718
Vehicles	<u>217,680</u>	<u>45,139</u>	<u>-</u>	<u>262,819</u>
Subtotal	<u>707,916</u>	<u>102,603</u>	<u>-</u>	<u>810,519</u>
Net Capital Assets Being Depreciated	<u>1,182,999</u>	<u>(88,683)</u>	<u>-</u>	<u>1,094,316</u>
Governmental Activities Capital Total				
Capital Assets - Net of Depreciation	<u>\$1,222,999</u>	<u>\$(88,683)</u>	<u>\$ -</u>	<u>\$1,134,316</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	\$ 11,474
Public safety	74,800
Public works	<u>16,329</u>
Total Governmental Activities	<u>\$102,603</u>

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2005

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NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	<u>\$ 4,046</u>	Sewer Trust Trust and Agency	<u>\$ 855</u> <u>3,191</u>
Subtotal	<u>\$ 4,046</u>	Subtotal	<u>4,046</u>
Fire Operating	2,671	General Fund	<u>9,599</u>
Building Department	6,528		
Trust and Agency	<u>400</u>		
Subtotal	<u>9,599</u>	Subtotal	<u>9,599</u>
TOTAL	<u>\$13,645</u>	TOTAL	<u>\$13,645</u>

The operating transfers are summarized as follows:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund	\$ 673	\$12,565
Cemetery	9,565	
Middle Lake Weed	1,000	
North Lake Weed	1,000	
West Lake Weed	1,000	
Lakeshore Road Debt Service		4
Hamilton road Debt Service		655
Johnaton/Blair		<u>14</u>
TOTAL	<u>\$13,238</u>	<u>\$13,238</u>

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2005

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NOTE 8 - CHANGES IN LONG TERM DEBT:

The following is a summary of long term debt transactions of the Township for the year ended March 31, 2005:

	<u>Special Assessment Bonds</u>			
		<u>Strand Road</u>		
Balance - April 1, 2004		\$130,000		
Payments		<u>(20,000)</u>		
Balance - March 31, 2005		<u>\$110,000</u>		
	<u>Contract Payable</u>	<u>Contract Payable</u>	<u>Note Payable</u>	
Balance - April 1, 2004	\$77,856	\$126,925	\$55,880	
Payments	<u>(5,829)</u>	<u>(48,685)</u>	<u>(11,880)</u>	
Balance - March 31, 2005	<u>\$72,027</u>	<u>\$ 78,240</u>	<u>\$44,000</u>	

Long term debt at March 31, 2005 is comprised of the following:

Contracts Payable:

On June 2, 2003 the Township entered into an installment purchase agreement under Act 99 of the Public Acts of Michigan of 1933, as amended, with Alexis Fire Equipment Company and National City Bank, as assignee of Alexis Fire Equipment Company in the amount of \$90,000 for the purchase of a mini pumper for the Fire Department at a total cost of \$140,865. This installment purchase agreement is payable in fourteen semi-annual installments of \$7,385.59, including interest at 4% per annum. The first installment was due September 30, 2003. The final installment is due March 30, 2010. The balance at March 31, 2005 is \$72,027.

On July 22, 1999 the Township entered into an installment purchase agreement under Act 99 of the Public Acts of Michigan of 1933, as amended, with Alexis Fire Equipment Company and National City Bank, as assignee of Alexis Fire Equipment Company in the amount of \$316,703 for the purchase of a new pumper fire truck and a new rescue truck. This installment purchase agreement is payable in fourteen semi-annual installments of \$27,103.72, including interest at the rate of 4.75% per annum. The first installment was due March 31, 2001. The final installment is due September 30, 2006. The balance at March 31, 2005 is \$78,240.

NOTE 8 - CHANGES IN LONG TERM DEBT (CONTINUED)

Note Payable:

On September 3, 2002 the Township entered into an agreement with the County of Muskegon, Michigan in the amount of \$61,600 for the construction of the Williamson Road sewer project. The note is payable over ten years with a final due date of November 1, 2012. The Township agrees to repay the County by annually remitting collections received from the Williamson Road special assessment roll (including interest) beginning March 1, 2003 and every year thereafter until fully paid. The repayment schedule includes the interest charged on the special assessment roll of 5% per annum. The balance at March 31, 2005 is \$44,000.

Bonds:

Special Assessment Bonds - Strand Road:

\$170,000, 2001 special assessment bonds due in annual installments of \$5,000 to \$20,000 through March 1, 2011; interest of 5.1% to 7.00%

\$120,000

The annual requirement to amortize all outstanding debt, including interest, at March 31, 2005 are as follows:

	Year Ended March 31,	Contracts Payable	Note Payable	Special Assessment Bonds Strand Road
2006		\$ 68,979	\$ 8,316	\$ 25,620
2007		41,875	8,008	19,570
2008		14,771	7,700	23,805
2009		14,771	7,392	22,785
2010		14,771	7,084	16,765
2011 - 2012		-	13,244	21,000
		<u>\$155,167</u>	<u>\$51,744</u>	<u>\$129,545</u>

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10 - SEBSEQUENT EVENTS

On April 28, 2005 the township agreed to purchase property located in the township for \$58,000.

On June 27, 2005 the township authorized the issuance of bonds through the Muskegon County Department of Public Works in an amount not to exceed \$7,700,000 to finance the construction of sanitary sewer improvements. The County's full faith and credit was requested as secondary security.

NOTE 11 - CONTINGENT LIABILITIES

The township is involved in a dispute with the County of Muskegon concerning the payment of sewer access right fees originating in 1981. The amount of liability, if any, can not be determined at this time although the Township believes such amount, if any, to be immaterial.

On December 13, 1982, Dalton Township and two other townships, entered into an agreement with the County of Muskegon for the construction of a water supply system. Construction of the system was financed by the issue of \$1,100,000, County of Muskegon bonds, which principal and interest to be paid by a "Pooled Account", maintained by the County, through the collection of individual user charges and/or an ad valorem tax levy in the event of insufficient user charges. The bonds are contractually secured primarily by the full faith and credit of the townships, based on a pro-rata allocation and secondarily by the full faith and credit of the County. The township's pro-rata share of the full faith and credit security is 11.72%. The township anticipates the user charges will be sufficient to repay the debt obligation.

On May 7, 1984 Dalton Township entered into an agreement with Muskegon Township to provide sanitary sewer services to certain residents of Dalton Township residing near the Muskegon Township sanitary sewer extension. Dalton Township has agreed to collect any direct or indirect connection charges for which Muskegon Township will pay to Dalton Township 5% of such charges.

Dalton Township has further agreed to be responsible to Muskegon Township for payment of the connection charges and user fees whether collected or not.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

Effective May 4, 1998, in addition to pension benefits described in Note 13, the Township provides post-employment benefits for health insurance. The Township will fund the benefit on a pay-as-you-go basis. Eligible employees will be required to pay a portion of the cost with the Township subsidizing the remaining costs.

During the current year one retiree participated for the year at a cost of approximately \$1,600.

NOTE 13 - RETIREMENT PLAN

The township's retirement plan is administered by Paine Webber, Incorporated. It is a defined contribution retirement plan which provides retirement benefits for elected officials and full time employees. The township contributed an amount equal to 11% of the employees gross salaries. The amount contributed for the year ended March 31, 2005 was approximately \$26,000. Total township payroll for the year was approximately \$366,000 including approximately \$225,000 payroll covered by the plan. Employees become 100% vested in the township's contributions after six months of service.

NOTE 14 - DEFERRED COMPENSATION PLAN

The township offers all employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plans were held in a group annuity contract as described in IRC Section 457 (g) for the exclusive benefit of the employees and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the township's financial statements.

NOTE 15 - STATE CONSTRUCTION CODE ACT

Public Act 245 of 1999 (The Stille-Derossett-Hale Single State Construction Code Act) restricts the use of fees collected under this Act for the operation of the enforcing agency and/or the Construction Board of Appeals effective January 1, 2000. The following is the required accounting for such fees:

Fees collected	\$102,868
Wages, professional fees and other expenses	<u>(97,291)</u>
Excess fees collected over costs	<u>\$ 5,577</u>

NOTE 16 - CHANGES IN ACCOUNTING PRINCIPLE

Effective April 1, 2004 the township implemented several new accounting standards issued by GASB:

Statement No. 33, "Accounting and Financial Reporting for Non-Exchange Transactions," as amended by Statement No. 36, "Recipient Reporting for Certain Shared Non-Exchange Revenues," which establishes standards for recording non-exchange transactions on the modified accrual and accrual basis of accounting.

NOTE 16 - CHANGES IN ACCOUNTING PRINCIPLE(continued)

Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments," as amended by Statement No. 37, "Basic Financial Statements-and Managements's Discussion and Analysis-for State and Local Governments Omnibus," which established new financial reporting standards for state and local governments. This statement requires a significant change in the financial reporting model used by local governments, eliminating account groups and utilizing the full accrual basis of accounting and the economic resources measurement focus.

Statement No. 38, "Certain Financial Statement Note Disclosures," which requires certain note disclosures when implementing GASB Statement No. 34. Also implemented was Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures."

REQUIRED SUPPLEMENTAL INFORMATION

DALTON TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Taxes	\$182,000	\$188,730	\$ 6,730
Licenses and permits	1,750	1,894	144
State grants	529,000	522,609	(6,391)
Charges for services	33,000	49,681	16,681
Interest earned	4,929	10,371	5,442
Rent	6,000	4,330	(1,670)
Other revenue	<u>95,931</u>	<u>140,051</u>	<u>44,120</u>
TOTAL REVENUE	<u>852,610</u>	<u>917,666</u>	<u>65,056</u>
EXPENDITURES:			
Legislative	13,041	13,094	(53)
General government	508,182	499,464	8,718
Public safety	74,542	73,046	1,496
Public works	128,700	94,676	34,024
Recreation and cultural	46,300	40,948	5,352
Other functions	119,200	152,996	(33,796)
Capital outlay	<u>67,500</u>	<u>38,452</u>	<u>29,048</u>
TOTAL EXPENDITURES	<u>957,465</u>	<u>912,676</u>	<u>44,789</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(104,855)</u>	<u>4,990</u>	<u>109,845</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	5,000	673	(4,327)
Transfer to other funds	<u>(17,000)</u>	<u>(12,565)</u>	<u>4,435</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,000)</u>	<u>(11,892)</u>	<u>108</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(116,855)</u>	<u>(6,902)</u>	<u>109,953</u>
FUND BALANCE - APRIL 1, 2004	<u>685,090</u>	<u>685,090</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$568,235</u>	<u>\$678,188</u>	<u>\$109,953</u>

DALTON TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
FIRE OPERATING FUND - MAJOR SPECIAL REVENUE FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Property taxes	\$212,293	\$210,321	\$(1,972)
Charges for services	40,713	32,167	(8,546)
Interest earned	650	1,132	482
Other revenue	<u>1,050</u>	<u>2,100</u>	<u>1,050</u>
TOTAL REVENUES	<u>254,706</u>	<u>245,720</u>	<u>(8,986)</u>
EXPENDITURES:			
Salaries and wages	99,600	86,696	12,904
Pension	4,400	4,566	(166)
Employee benefits	16,500	17,179	(679)
Payroll taxes	8,640	6,962	1,678
Operating supplies	11,500	10,952	548
Repairs and maintenance	12,500	11,321	1,179
Utilities	13,000	12,473	527
Transportation	4,000	3,588	412
Communications	8,000	10,574	(2,574)
Training	7,000	2,590	4,410
Contracted services	9,500	3,413	6,087
Capital outlay	26,750	21,637	5,113
Insurance	27,250	36,415	(9,165)
Miscellaneous	<u>4,750</u>	<u>3,006</u>	<u>1,744</u>
TOTAL EXPENDITURES	<u>253,390</u>	<u>231,372</u>	<u>22,018</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,316	14,348	13,032
FUND BALANCE - APRIL 1, 2004	<u>182,855</u>	<u>182,855</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$184,171</u>	<u>\$197,203</u>	<u>\$13,032</u>

DALTON TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
FIRE EQUIPMENT FUND - MAJOR SPECIAL REVENUE FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Property taxes	\$74,795	\$80,177	\$ 5,382
Interest earned	<u>300</u>	<u>281</u>	<u>(19)</u>
	<u>75,095</u>	<u>80,458</u>	<u>5,363</u>
EXPENDITURES:			
Debt service -			
Principal		54,514	
Interest		<u>7,079</u>	
TOTAL EXPENDITURES	<u>69,050</u>	<u>61,593</u>	<u>7,457</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	6,045	18,865	12,820
FUND BALANCE - APRIL 1, 2004	<u>34,774</u>	<u>34,774</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$40,819</u>	<u>\$53,639</u>	<u>\$12,820</u>

DALTON TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUILDING DEPARTMENT FUND - MAJOR SPECIAL REVENUE FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Permits	\$110,000	\$102,868	\$(7,132)
Interest	-	281	281
Miscellaneous	<u>2,900</u>	<u>-</u>	<u>(2,900)</u>
	<u>112,900</u>	<u>103,149</u>	<u>(9,751)</u>
EXPENDITURES:			
Contracted services	100,650	92,642	8,008
Operating supplies	1,000	1,500	(500)
Training	5,000	1,903	3,097
Miscellaneous	<u>6,250</u>	<u>1,246</u>	<u>5,004</u>
TOTAL EXPENDITURES	<u>112,900</u>	<u>97,291</u>	<u>15,609</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	5,858	5,858
FUND BALANCE - APRIL 1, 2004	<u>24,759</u>	<u>24,759</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$ 24,759</u>	<u>\$ 30,617</u>	<u>\$ 5,858</u>

ADDITIONAL INFORMATION

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2005

Page 1

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES -			
TAXES:			
Property taxes	<u>\$182,000</u>	<u>\$188,730</u>	<u>\$ 6,730</u>
LICENSES AND PERMITS	<u>1,750</u>	<u>1,894</u>	<u>144</u>
STATE GRANTS:			
State shared revenue	<u>529,000</u>	<u>522,609</u>	<u>(6,391)</u>
CHARGES FOR SERVICES:			
Administration fees	<u>31,000</u>	<u>35,393</u>	<u>4,393</u>
Miscellaneous	<u>2,000</u>	<u>14,288</u>	<u>12,288</u>
	<u>33,000</u>	<u>49,681</u>	<u>16,681</u>
INTEREST EARNED	<u>4,929</u>	<u>10,371</u>	<u>5,442</u>
RENTAL INCOME	<u>6,000</u>	<u>4,330</u>	<u>(1,670)</u>
OTHER REVENUE:			
Transfer station fees	<u>21,000</u>	<u>19,236</u>	<u>(1,764)</u>
Sale of equipment	<u>40,000</u>	<u>1,442</u>	<u>(38,558)</u>
Refunds and reimbursements	<u>26,000</u>	<u>36,590</u>	<u>10,590</u>
Zoning and variance fees	<u>7,000</u>	<u>9,858</u>	<u>2,858</u>
Miscellaneous	<u>1,931</u>	<u>72,925</u>	<u>70,994</u>
	<u>95,931</u>	<u>140,051</u>	<u>44,120</u>
TOTAL REVENUES	<u>852,610</u>	<u>917,666</u>	<u>65,056</u>
EXPENDITURES -			
LEGISLATIVE:			
Salaries and wages	<u>11,748</u>	<u>11,748</u>	<u>-</u>
Pension	<u>1,293</u>	<u>1,346</u>	<u>(53)</u>
TOTAL LEGISLATIVE	<u>13,041</u>	<u>13,094</u>	<u>(53)</u>
GENERAL GOVERNMENT:			
SUPERVISOR -			
Salaries and wages	<u>34,205</u>	<u>34,205</u>	<u>-</u>
Pension	<u>3,763</u>	<u>3,915</u>	<u>(152)</u>
Transportation	<u>1,500</u>	<u>1,070</u>	<u>430</u>
Miscellaneous	<u>1,500</u>	<u>940</u>	<u>560</u>
	<u>40,968</u>	<u>40,130</u>	<u>838</u>

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2005

Page 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXPENDITURES (CONTINUED) -			
ELECTIONS:			
Salaries and wages	\$ 10,000	\$ 10,519	\$ (519)
Operating supplies	5,000	4,251	749
Miscellaneous	<u>2,000</u>	<u>20</u>	<u>1,980</u>
	<u>17,000</u>	<u>14,790</u>	<u>2,210</u>
ASSESSOR:			
Contracted services	35,900	40,264	(4,364)
Salaries and wages	19,000	17,914	1,086
Pension	1,760	2,000	(240)
Operating supplies	1,500	2,306	(806)
Miscellaneous	<u>400</u>	<u>84</u>	<u>316</u>
	<u>58,560</u>	<u>62,568</u>	<u>(4,008)</u>
CLERK:			
Salaries and wages	51,051	50,650	401
Pension	3,660	3,805	(145)
Transportation	800	512	288
Miscellaneous	<u>3,000</u>	<u>1,145</u>	<u>1,855</u>
	<u>58,511</u>	<u>56,112</u>	<u>2,399</u>
BOARD OF REVIEW:			
Salaries and wages	1,801	150	1,651
Miscellaneous	<u>50</u>	<u>82</u>	<u>(32)</u>
	<u>1,851</u>	<u>232</u>	<u>1,619</u>
TREASURER:			
Salaries and wages	51,599	54,156	(2,557)
Pension	5,533	6,032	(499)
Supplies	5,800	5,315	485
Transportation	500	508	(8)
Miscellaneous	<u>2,000</u>	<u>47</u>	<u>1,953</u>
	<u>65,432</u>	<u>66,058</u>	<u>(626)</u>
BUILDING AND GROUNDS:			
Salaries and wages	89,000	84,306	4,694
Pension	5,610	6,212	(602)
Utilities	2,600	3,066	(466)
Operating supplies	3,250	1,615	1,635
Repairs and maintenance	5,700	4,303	1,397
Transportation	2,500	2,297	203
Miscellaneous	<u>1,000</u>	<u>1,005</u>	<u>(5)</u>
	<u>109,660</u>	<u>102,804</u>	<u>6,856</u>

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2005

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	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXPENDITURES (CONTINUED) - GENERAL GOVERNMENT (CONTINUED):			
GENERAL ADMINISTRATION:			
Professional services	\$ 40,000	\$ 55,349	\$(15,349)
Salaries and wages	18,000	16,436	1,564
Supplies	27,500	30,758	(3,258)
Repairs and maintenance	28,500	5,380	23,120
Contracted services	6,800	4,306	2,494
Utilities	15,000	17,386	(2,386)
Printing and Publishing	8,000	10,103	(2,103)
Miscellaneous	<u>12,400</u>	<u>17,052</u>	<u>(4,652)</u>
	<u>156,200</u>	<u>156,770</u>	<u>(570)</u>
TOTAL GENERAL GOVERNMENT	<u>508,182</u>	<u>499,464</u>	<u>8,718</u>
PUBLIC SAFETY:			
LAW ENFORCEMENT	<u>43,600</u>	<u>43,275</u>	<u>325</u>
FIRE DEPARTMENT:			
Hydrant rental	<u>4,000</u>	<u>3,760</u>	<u>240</u>
PLANNING COMMISSION:			
Salaries and wages	3,840	7,340	(3,500)
Miscellaneous	<u>800</u>	<u>461</u>	<u>339</u>
	<u>4,640</u>	<u>7,801</u>	<u>(3,161)</u>
ZONING/ORDINANCE:			
Salaries and wages	20,802	16,845	3,957
Supplies	500	555	(55)
Transportation	500	446	54
Miscellaneous	<u>500</u>	<u>364</u>	<u>136</u>
	<u>22,302</u>	<u>18,210</u>	<u>4,092</u>
TOTAL PUBLIC SAFETY	<u>74,542</u>	<u>73,046</u>	<u>1,496</u>

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2005

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	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXPENDITURES (CONTINUED) -			
PUBLIC WORKS:			
SANITARY LANDFILL:			
Contracted services	<u>\$ 40,000</u>	<u>\$ 50,312</u>	<u>\$(10,312)</u>
ROADS	<u>79,000</u>	<u>35,186</u>	<u>43,814</u>
DRAINS	<u>400</u>	<u>400</u>	<u>-</u>
SEWAGE DISPOSAL:			
Access fees	<u>2,700</u>	<u>2,379</u>	<u>321</u>
OTHER	<u>6,600</u>	<u>6,399</u>	<u>201</u>
TOTAL PUBLIC WORKS	<u>128,700</u>	<u>94,676</u>	<u>34,024</u>
RECREATION AND CULTURAL:			
PARKS -			
Repairs	<u>6,000</u>	<u>3,403</u>	<u>2,597</u>
Utilities	<u>1,000</u>	<u>982</u>	<u>18</u>
Recreational activities	<u>19,000</u>	<u>10,116</u>	<u>8,884</u>
Miscellaneous	<u>1,800</u>	<u>1,700</u>	<u>100</u>
	<u>27,800</u>	<u>16,201</u>	<u>11,599</u>
LIBRARY	<u>18,500</u>	<u>24,747</u>	<u>(6,247)</u>
TOTAL RECREATION AND CULTURAL	<u>46,300</u>	<u>40,948</u>	<u>5,352</u>
OTHER FUNCTIONS:			
Refunds	<u>1,000</u>	<u>1,578</u>	<u>(578)</u>
Employee insurance benefits	<u>80,000</u>	<u>107,577</u>	<u>(27,577)</u>
Insurance and bonds	<u>19,000</u>	<u>21,980</u>	<u>(2,980)</u>
Payroll taxes	<u>18,200</u>	<u>21,286</u>	<u>(3,086)</u>
Miscellaneous	<u>1,000</u>	<u>575</u>	<u>425</u>
TOTAL OTHER FUNCTIONS	<u>119,200</u>	<u>152,996</u>	<u>(33,796)</u>
CAPITAL OUTLAY	<u>67,500</u>	<u>38,452</u>	<u>29,048</u>
TOTAL EXPENDITURES	<u>957,465</u>	<u>912,676</u>	<u>44,789</u>

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2005

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	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$(104,855)</u>	<u>\$ 4,990</u>	<u>\$109,845</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	5,000	673	(4,327)
Transfer to other funds	<u>(17,000)</u>	<u>(12,565)</u>	<u>4,435</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,000)</u>	<u>(11,892)</u>	<u>108</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(116,855)</u>	<u>(6,902)</u>	<u>109,953</u>
FUND BALANCE - APRIL 1, 2004	<u>685,090</u>	<u>685,090</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$ 568,235</u>	<u>\$678,188</u>	<u>\$109,953</u>

DALTON TOWNSHIP
Combining Balance Sheet
NON-MAJOR GOVERNMENTAL FUNDS
March 31, 2005

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>TOTAL Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$72,911	\$ 37,174	\$110,085
Taxes receivable	2,805	-	2,805
Special assessments receivable	<u>-</u>	<u>104,492</u>	<u>104,492</u>
	<u>\$75,716</u>	<u>\$141,666</u>	<u>\$217,382</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Deferred revenue	\$ -	\$ 82,164	\$ 82,164
Fund balance	<u>75,716</u>	<u>59,502</u>	<u>135,218</u>
	<u>\$75,716</u>	<u>\$141,666</u>	<u>\$217,382</u>

DALTON TOWNSHIP
Combining Statement of Revenues and Expenditures and Changes in Fund Balance
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended March 31, 2005

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>TOTAL Nonmajor Governmental Funds</u>
REVENUES:			
Property taxes	\$17,765	\$ 591	\$ 18,356
Special assessment levied	-	15,536	15,536
Charges for services	5,323	-	5,323
Interest earned	436	11,858	12,294
Other revenue	<u>2,700</u>	<u>-</u>	<u>2,700</u>
TOTAL REVENUES	<u>26,224</u>	<u>27,985</u>	<u>54,209</u>
EXPENDITURES:			
General government	17,660	-	17,660
Public safety	-	16,967	16,967
Public works	21,143	-	21,143
Debt service	<u>-</u>	<u>48,074</u>	<u>48,074</u>
TOTAL EXPENDITURES	<u>38,803</u>	<u>65,041</u>	<u>103,844</u>
	<u>(12,579)</u>	<u>(37,056)</u>	<u>(49,635)</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	12,565	-	12,565
Transfer to other fund	<u>-</u>	<u>(673)</u>	<u>(673)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,565</u>	<u>(673)</u>	<u>11,892</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14)	(37,729)	(37,743)
FUND BALANCE - APRIL 1, 2004	<u>75,730</u>	<u>97,231</u>	<u>172,961</u>
FUND BALANCE - MARCH 31, 2005	<u>\$75,716</u>	<u>\$ 59,502</u>	<u>\$135,218</u>

DALTON TOWNSHIP
Combining Balance Sheet
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
March 31, 2005

	<u>Cemetery</u>	<u>Street Lighting</u>	<u>Gypsy Moth Suppression</u>	<u>Middle Lake Weed Eradication</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$29	\$50,472	\$14,818	\$5,651
Taxes receivable	<u>-</u>	<u>2,805</u>	<u>-</u>	<u>-</u>
	<u>\$29</u>	<u>\$53,277</u>	<u>\$14,818</u>	<u>\$5,651</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Fund balance	<u>\$29</u>	<u>\$53,277</u>	<u>\$14,818</u>	<u>\$5,651</u>
	<u>\$29</u>	<u>\$53,277</u>	<u>\$14,818</u>	<u>\$5,651</u>

<u>West Lake Weed Eradication</u>	<u>North Lake Weed Eradication</u>	<u>TOTAL</u>
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\$1,790	\$151	\$72,911
<u>-</u>	<u>-</u>	<u>2,805</u>

<u>\$1,790</u>	<u>\$151</u>	<u>\$75,716</u>
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<u>\$1,790</u>	<u>\$151</u>	<u>\$75,716</u>
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<u>\$1,790</u>	<u>\$151</u>	<u>\$75,716</u>
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DALTON TOWNSHIP
Combining Statement of Revenues and Expenditures and Changes in Fund Balance
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For the Year Ended March 31, 2005

	<u>Cemetery</u>	<u>Street Lighting</u>
REVENUES:		
Property taxes	\$ -	\$17,765
Charges for services	5,323	-
Interest earned	-	378
Other revenue	<u>2,700</u>	<u>-</u>
TOTAL REVENUES	<u>8,023</u>	<u>18,143</u>
EXPENDITURES:		
General government	17,660	-
Public works	<u>-</u>	<u>12,404</u>
TOTAL EXPENDITURES	<u>17,660</u>	<u>12,404</u>
	<u>(9,637)</u>	<u>5,739</u>
OTHER FINANCING SOURCES (USES):		
Transfer from other fund	<u>9,565</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,565</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(72)	5,739
FUND BALANCE - APRIL 1, 2004	<u>101</u>	<u>47,538</u>
FUND BALANCE - MARCH 31, 2005	<u>\$ 29</u>	<u>\$53,277</u>

<u>Gypsy Moth Suppression</u>	<u>Middle Lake Weed Eradication</u>	<u>West Lake Weed Eradication</u>	<u>North Lake Weed Eradication</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$17,765
-	-	-	-	5,323
-	46	10	2	436
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,700</u>
<u>-</u>	<u>46</u>	<u>10</u>	<u>2</u>	<u>26,224</u>
-	-	-	-	17,660
<u>819</u>	<u>850</u>	<u>3,585</u>	<u>3,485</u>	<u>21,143</u>
<u>819</u>	<u>850</u>	<u>3,585</u>	<u>3,485</u>	<u>38,803</u>
<u>(819)</u>	<u>(804)</u>	<u>(3,575)</u>	<u>(3,483)</u>	<u>(12,579)</u>
<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>12,565</u>
<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>12,565</u>
(819)	196	(2,575)	(2,483)	(14)
<u>15,637</u>	<u>5,455</u>	<u>4,365</u>	<u>2,634</u>	<u>75,730</u>
<u>\$14,818</u>	<u>\$5,651</u>	<u>\$ 1,790</u>	<u>\$ 151</u>	<u>\$75,716</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
CEMETERY FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Sale of lots	\$ 4,900	\$ 2,700	\$(2,200)
Grave openings	5,000	5,323	323
Interest	<u>110</u>	<u>-</u>	<u>(110)</u>
TOTAL REVENUES	<u>10,010</u>	<u>8,023</u>	<u>(1,987)</u>
EXPENDITURES:			
Contracted services	5,000	6,618	(1,618)
Operating supplies	1,479	67	1,412
Utilities	500	385	115
Repairs and maintenance	750	99	651
Capital outlay	10,000	9,565	435
Miscellaneous	<u>835</u>	<u>926</u>	<u>(91)</u>
TOTAL EXPENDITURES	<u>18,564</u>	<u>17,660</u>	<u>904</u>
	(8,554)	(9,637)	(1,083)
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>10,000</u>	<u>9,565</u>	<u>(435)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	1,446	(72)	(1,518)
FUND BALANCE - APRIL 1, 2004	<u>101</u>	<u>101</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$ 1,547</u>	<u>\$ 29</u>	<u>\$(1,518)</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
STREET LIGHTING FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Property taxes	\$17,082	\$17,765	\$683
Interest earned	<u>200</u>	<u>378</u>	<u>178</u>
TOTAL REVENUES	17,282	18,143	861
EXPENDITURES:			
Utilities	<u>12,000</u>	<u>12,404</u>	<u>(404)</u>
EXCESS OF REVENUES OVER EXPENDITURES	5,282	5,739	457
FUND BALANCE - APRIL 1, 2004	<u>47,538</u>	<u>47,538</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$52,820</u>	<u>\$53,277</u>	<u>\$457</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
GYPSY MOTH SUPPRESSION FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Miscellaneous	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-
EXPENDITURES:			
Miscellaneous	-	819	(819)
EXCESS OF REVENUES OVER EXPENDITURES	-	(819)	(819)
FUND BALANCE - APRIL 1, 2004	<u>15,637</u>	<u>15,637</u>	-
FUND BALANCE - MARCH 31, 2005	<u>\$15,637</u>	<u>\$14,818</u>	<u>\$(819)</u>

A zero budget was adopted for this fund.

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
MIDDLE LAKE WEED ERADICATION FUND
For the Year Ended March 31, 2005

	Budget	Actual	Variance - favorable (unfavorable)
REVENUES:			
Interest	\$ 30	\$ 46	\$ 16
TOTAL REVENUES	<u>30</u>	<u>46</u>	<u>16</u>
EXPENDITURES:			
Weed spraying	2,685	600	2,085
Miscellaneous	<u>400</u>	<u>250</u>	<u>150</u>
TOTAL EXPENDITURES	<u>3,085</u>	<u>850</u>	<u>2,235</u>
	(3,055)	(804)	2,251
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>1,000</u>	<u>1,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,055)	196	2,251
FUND BALANCE - APRIL 1, 2004	<u>5,455</u>	<u>5,455</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$ 3,400</u>	<u>\$5,651</u>	<u>\$2,251</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
WEST LAKE WEED ERADICATION FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Interest	\$ 25	\$ 10	\$ (15)
TOTAL REVENUES	<u>25</u>	<u>10</u>	<u>(15)</u>
EXPENDITURES:			
Weed spraying	4,900	3,585	1,315
Miscellaneous	<u>600</u>	<u>-</u>	<u>600</u>
TOTAL EXPENDITURES	<u>5,500</u>	<u>3,585</u>	<u>1,915</u>
OTHER FINANCING SOURCES (USES):	(5,475)	(3,575)	1,900
Transfer from other fund	<u>1,000</u>	<u>1,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,475)	(2,575)	1,900
FUND BALANCE - APRIL 1, 2004	<u>4,365</u>	<u>4,365</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$(110)</u>	<u>\$ 1,790</u>	<u>\$1,900</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
NORTH LAKE WEED ERADICATION FUND
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Interest	\$ 25	\$ 2	\$ (23)
TOTAL REVENUES	<u>25</u>	<u>2</u>	<u>(23)</u>
EXPENDITURES:			
Weed spraying	4,370	3,485	885
Miscellaneous	<u>600</u>	<u>-</u>	<u>600</u>
TOTAL EXPENDITURES	<u>4,970</u>	<u>3,485</u>	<u>1,485</u>
OTHER FINANCING SOURCES (USES):	(4,945)	(3,483)	1,462
Transfer from other fund	<u>1,000</u>	<u>1,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,945)	(2,483)	1,462
FUND BALANCE - APRIL 1, 2004	<u>2,634</u>	<u>2,634</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$(1,311)</u>	<u>\$ 151</u>	<u>\$1,462</u>

DALTON TOWNSHIP
Combining Balance Sheet
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
March 31, 2005

	Central Fire Station	Page Road	Lakeshore Road	Hamilton Road	Dalson Road
<u>ASSETS</u>					
Cash and cash equivalents	\$82	\$477	\$ -	\$ -	\$ 75
Special assessments receivable	<u>-</u>	<u>72</u>	<u>-</u>	<u>-</u>	<u>2,585</u>
	<u>\$82</u>	<u>\$549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,660</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Deferred revenue	\$-	\$ -	\$ -	\$ -	\$1,938
Fund balance	<u>82</u>	<u>549</u>	<u>-</u>	<u>-</u>	<u>722</u>
	<u>\$82</u>	<u>\$549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,660</u>

<u>Strand Road</u>	<u>Johnston/ Blair Road</u>	<u>Williamson Sewer</u>	<u>TOTAL</u>
\$36,538	\$-	\$ 2	\$ 37,174
<u>57,835</u>	<u>-</u>	<u>44,000</u>	<u>104,492</u>
<u>\$94,373</u>	<u>\$-</u>	<u>\$44,002</u>	<u>\$141,666</u>

\$43,266	\$-	\$36,960	\$ 82,164
<u>51,107</u>	<u>-</u>	<u>7,042</u>	<u>59,502</u>
<u>\$94,373</u>	<u>\$-</u>	<u>\$44,002</u>	<u>\$141,666</u>

DALTON TOWNSHIP
Combining Statement of Revenues and Expenditures and Changes in Fund Balance
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
For the Year Ended March 31, 2005

	Central Fire Station	Page Road	Lakeshore Road	Hamilton Road	Dalson Road
REVENUES:					
Property taxes (delinquent)	\$ 591	\$ -	\$ -	\$ -	\$ -
Interest earned	75	2	-	-	3
Interest on special assessments	-	174	-	-	569
Special assessments levied	-	-	-	-	646
TOTAL REVENUES	<u>666</u>	<u>176</u>	<u>-</u>	<u>-</u>	<u>1,218</u>
EXPENDITURES:					
Repairs	16,967	-	-	-	-
Debt service -					
Principal	-	1,921	-	-	1,594
Interest and fiscal charges	-	233	-	-	738
TOTAL EXPENDITURES	<u>16,967</u>	<u>2,154</u>	<u>-</u>	<u>-</u>	<u>2,332</u>
	<u>(16,301)</u>	<u>(1,978)</u>	<u>-</u>	<u>-</u>	<u>(1,114)</u>
OTHER FINANCING SOURCES:					
Transfer to other fund	-	-	(4)	(655)	-
	-	-	(4)	(655)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,301)	(1,978)	(4)	(655)	(1,114)
FUND BALANCE - APRIL 1, 2004	<u>16,383</u>	<u>2,527</u>	<u>4</u>	<u>655</u>	<u>1,836</u>
FUND BALANCE - MARCH 31, 2005	<u>\$ 82</u>	<u>\$ 549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 722</u>

<u>Strand Road</u>	<u>Johnston/ Blair Road</u>	<u>Williamson Sewer</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ 591
555	-	-	635
5,442	-	5,038	11,223
<u>8,730</u>	<u>-</u>	<u>6,160</u>	<u>15,536</u>
<u>14,727</u>	<u>-</u>	<u>11,198</u>	<u>27,985</u>
-	-	-	16,967
20,000	-	11,880	35,395
<u>6,670</u>	<u>-</u>	<u>5,038</u>	<u>12,679</u>
<u>26,670</u>	<u>-</u>	<u>16,918</u>	<u>65,041</u>
<u>(11,943)</u>	<u>-</u>	<u>(5,720)</u>	<u>(37,056)</u>
<u>-</u>	<u>(14)</u>	<u>-</u>	<u>(673)</u>
<u>-</u>	<u>(14)</u>	<u>-</u>	<u>(673)</u>
(11,943)	(14)	(5,720)	(37,729)
<u>63,050</u>	<u>14</u>	<u>12,762</u>	<u>97,231</u>
<u>\$51,107</u>	<u>\$ -</u>	<u>\$ 7,042</u>	<u>\$59,502</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - CENTRAL FIRE STATION
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Property taxes (delinquent)	\$ -	\$ 591	\$ 591
Interest earned	-	75	75
TOTAL REVENUES	-	666	666
EXPENDITURES:			
Repairs	-	16,967	(16,967)
Debt service	-	-	-
TOTAL EXPENDITURES	-	16,967	(16,967)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(16,301)	(16,301)
FUND BALANCE - APRIL 1, 2004	16,383	16,383	-
FUND BALANCE - MARCH 31, 2005	<u>\$16,383</u>	<u>\$ 82</u>	<u>\$(16,301)</u>

A zero budget was adopted for this fund.

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - PAGE ROAD
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Interest earned	\$ 120	\$ 2	\$ (118)
Interest on special assessments	4	174	170
Special assessments levied	<u>854</u>	<u>-</u>	<u>(854)</u>
TOTAL REVENUES	<u>978</u>	<u>176</u>	<u>(802)</u>
EXPENDITURES:			
Debt service -			
Principal	854	1,921	(1,067)
Interest	<u>120</u>	<u>233</u>	<u>(113)</u>
TOTAL EXPENDITURES	<u>974</u>	<u>2,154</u>	<u>(1,180)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4	(1,978)	(1,982)
FUND BALANCE - APRIL 1, 2004	<u>2,527</u>	<u>2,527</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$2,531</u>	<u>\$ 549</u>	<u>\$(1,982)</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - LAKESHORE ROAD
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Interest earned	\$ 169	\$ -	\$ (169)
Interest on special assessments	-	-	-
Special assessments levied	<u>2,180</u>	<u>-</u>	<u>(2,180)</u>
TOTAL REVENUES	<u>2,349</u>	<u>-</u>	<u>(2,349)</u>
EXPENDITURES:			
Debt service -			
Principal	6,000	-	6,000
Interest and fiscal charges	<u>203</u>	<u>-</u>	<u>203</u>
TOTAL EXPENDITURES	<u>6,203</u>	<u>-</u>	<u>6,203</u>
	(3,854)	-	3,854
OTHER FINANCING SOURCES (USES):			
Transfer to other fund	<u>-</u>	<u>(4)</u>	<u>(4)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(3,854)	(4)	3,850
FUND BALANCE - APRIL 1, 2004	<u>4</u>	<u>4</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u><u>\$(3,850)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,850</u></u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - HAMILTON ROAD
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES):	-	-	-
Transfer to other fund	-	(655)	(655)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	-	(655)	(655)
FUND BALANCE - APRIL 1, 2004	<u>655</u>	<u>655</u>	-
FUND BALANCE - MARCH 31, 2005	<u>\$655</u>	<u>\$ -</u>	<u>\$(655)</u>

A zero budget was adopted for this fund.

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - DALSON ROAD
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Interest earned	\$ 310	\$ 3	\$ (307)
Interest on special assessments	2	569	567
Special assessments levied	<u>646</u>	<u>646</u>	<u>-</u>
TOTAL REVENUES	<u>958</u>	<u>1,218</u>	<u>260</u>
EXPENDITURES:			
Debt service -			
Principal	646	1,594	(948)
Interest	<u>310</u>	<u>738</u>	<u>(428)</u>
	<u>956</u>	<u>2,332</u>	<u>(1,376)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2	(1,114)	(1,116)
FUND BALANCE - APRIL 1, 2004	<u>1,836</u>	<u>1,836</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$1,838</u>	<u>\$ 722</u>	<u>\$(1,116)</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - JOHNSTON/BLAIR ROAD
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES	\$-	\$ -	\$ -
EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES):	-	-	-
Transfer to other fund	-	(14)	(14)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	-	(14)	(14)
FUND BALANCE - APRIL 1, 2004	<u>14</u>	<u>14</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$14</u>	<u>\$ -</u>	<u>\$(14)</u>

A zero budget was adopted for this fund.

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - STRAND ROAD
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Interest earned	\$ 357	\$ 555	\$ 198
Interest on special assessments	4,220	5,442	1,222
Special assessments levied	<u>8,613</u>	<u>8,730</u>	<u>117</u>
TOTAL REVENUES	<u>13,190</u>	<u>14,727</u>	<u>1,537</u>
EXPENDITURES:			
Debt service -			
Principal	20,000	20,000	-
Interest	<u>7,720</u>	<u>6,670</u>	<u>1,050</u>
TOTAL EXPENDITURES	<u>27,720</u>	<u>26,670</u>	<u>1,050</u>
EXCESS OF REVENUES OVER EXPENDITURES	(14,530)	(11,943)	2,587
FUND BALANCE - APRIL 1, 2004	<u>63,050</u>	<u>63,050</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$48,520</u>	<u>\$51,107</u>	<u>\$2,587</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - WILLIAMSON SEWER
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Interest on special assessments	\$ 2,772	\$ 5,038	\$ 2,266
Special assessments	<u>\$ 6,160</u>	<u>\$ 6,160</u>	<u>-</u>
TOTAL REVENUES	<u>8,932</u>	<u>11,198</u>	<u>2,266</u>
EXPENDITURES:			
Debt service -			
Principal	6,160	11,880	(5,720)
Interest	<u>2,772</u>	<u>5,038</u>	<u>(2,266)</u>
TOTAL EXPENDITURES	<u>8,932</u>	<u>16,918</u>	<u>(7,986)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(5,720)	(5,720)
FUND BALANCE - APRIL 1, 2004	<u>12,762</u>	<u>12,762</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2005	<u>\$12,762</u>	<u>\$ 7,042</u>	<u>\$(5,720)</u>

DALTON TOWNSHIP
Combining Balance Sheet
AGENCY FUNDS
March 31, 2005

	Agency Funds				
	<u>Water Trust</u>	<u>Sewer Trust</u>	<u>Trust Fund</u>	<u>Tax Collection</u>	<u>TOTAL</u>
<u>ASSETS</u>					
Cash	\$74	\$4,027	\$18,558	\$968	\$23,627
Due from other funds	-	-	400	-	400
	<u>\$74</u>	<u>\$4,027</u>	<u>\$18,958</u>	<u>\$968</u>	<u>\$24,027</u>
 <u>LIABILITIES</u>					
Accounts payable	\$-	\$ -	\$ 1,300	\$968	\$ 2,268
Due to other funds	-	855	3,191	-	4,046
Due to other governments	<u>74</u>	<u>3,172</u>	<u>14,467</u>	<u>-</u>	<u>17,713</u>
	<u>\$74</u>	<u>\$4,027</u>	<u>\$18,958</u>	<u>\$968</u>	<u>\$24,027</u>

DALTON TOWNSHIP
Combining Statement of Changes in Assets and Liabilities
AGENCY FUNDS
For the Year Ended March 31, 2005

	Balance <u>April 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>March 31, 2005</u>
<u>ASSETS</u>				
Cash -				
Tax Collection	\$31,100	\$5,506,593	\$5,536,725	\$ 968
Sewer - Trust and Agency	4,013	5,627	5,613	4,027
Water - Trust and Agency	98	4,216	4,240	74
Trust and Agency	52,916	33,806	68,164	18,558
Due from other funds	<u>400</u>	<u>-</u>	<u>-</u>	<u>400</u>
	<u>\$88,527</u>	<u>\$5,550,242</u>	<u>\$5,614,742</u>	<u>\$24,027</u>
 <u>LIABILITIES</u>				
Accounts payable	\$30,271	\$ 14,838	\$ 42,841	\$ 2,268
Due to other funds	3,635	565,409	564,998	4,046
Due to other governments	<u>54,621</u>	<u>4,969,995</u>	<u>5,006,903</u>	<u>17,713</u>
	<u>\$88,527</u>	<u>\$5,550,242</u>	<u>\$5,614,742</u>	<u>\$24,027</u>

RICHARD B. PARKER, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
2264 EAST MEINERT
HOLTON, MICHIGAN 49425
(616) 893-3178

Honorable Supervisor and Members
of the Township Board
Township of Dalton
Muskegon County, Michigan

In planning and performing my audit of the financial statements of the Township of Dalton, Muskegon County, Michigan, for the year ended March 31, 2005, considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control. However, I noted certain matters involving the internal control and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control that, in my judgment, could adversely affect the township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The matters noted are only those that came to my attention and, had my procedures in internal control related matters been more extensive, other matters might have been noted. The functioning of the internal control was assessed at a point in time, and no assurances can be drawn that the internal control is functioning or will continue to function beyond the point in time at which it was assessed. No opinion is being expressed regarding the internal control taken as a whole.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

It is the responsibility of the township's administration and governing body to resolve these matters.

PRIOR YEAR COMMENTS AND RESOLUTION:

1. During the year ended March 31, 2001, the Tax Collection Fund accumulated an unknown amount of excess cash of approximately \$5,800.

The township should determine where this excess amount should be distributed.

RESOLUTION - During the current fiscal year the amount of excess cash of approximately \$9,000 was transferred to the General Fund.

PRIOR YEAR COMMENTS AND RESOLUTION (CONTINUED):

2. The building inspector was hired as an independent contractor. However, certain activities observed while performing the audit make it appear the building inspector may be performing certain functions of an employee instead of an independent contractor, which could result in the assessment of various payroll taxes and various other legal implications of which your attorney can advise.

The Internal Revenue Code contains various provisions to determine the classification of workers as employee versus independent contractor. The Township should determine how the building inspector should be classified and then proceed to establish the appropriate relationship with the building inspector in accordance with provisions of the Internal Revenue Code.

RESOLUTION - The township's attorney is reviewing this matter.

3. With the information available to me, I could not determine if the township had confirmed the Strand Road Special Assessment Roll. Resolution #5 concerning this special assessment was approved November 6, 2000, however, a copy of Resolution #5 could not be found.

The township should determine if the Strand Road Special Assessment has been confirmed. It should then determine the correct amount to be confirmed, because at November 6, 2000 it was thought the resident's share would be approximately \$174,000. However, when the project was completed it was determined the special assessment roll was approximately \$106,000. Any necessary corrections should be made.

RESOLUTION - None.

4. Township Ordinance #140 regarding medical insurance coverage for "retired" Township officials and employees does not define "medical insurance coverage". In the past it was used to pay medical insurance premiums. However, it is now being used to cover dental and vision insurance premiums.

The township should determine, and define, what it considers "medical insurance coverage".

RESOLUTION - The township is currently in the process of revising this ordinance. However, the revised version provided to me appears to be not clear as to certain definitions.

5. The township did not confirm the Williamson Road Sewer Special Assessment roll.

The township should request a legal opinion concerning the propriety of the Williamson Road Sewer Special Assessment roll.

RESOLUTION - None

PRIOR YEAR COMMENTS AND RESOLUTION (CONTINUED):

6. During the audit of March 31, 2003 it was noted that the township paid approximately \$2,800 for private road maintenance.

The township should not pay to maintain private roads because they are not township property.

RESOLUTION - None. The township should obtain a legal opinion concerning the maintenance of private roads.

7. During the year ended March 31, 2004 Dalson Road Debt Retirement and Page Road Debt Retirement did not make their payment due to the General Fund on their loans.

The Dalson and Page Road Debt Retirement Funds should pay the required yearly payment to the General Fund.

RESOLUTION - Payment was made for both the prior year and the current year.

8. During the year ended March 31, 2004 several duplicate payments were noted. This occurred because one payment was made from an invoice and the other was made from a statement. Most overpayments were subsequently credited to the Township, however, it could not be determined if one vendor did credit the overpayment to the township's account.

Only original invoices should be paid. Payments should not be authorized from statements or, except in rare instances, copies of invoices. Invoices should also be examined for a previous, unpaid balance.

RESOLUTION - None. Duplicate payments were observed during the current year.

9. The township has not distributed trailer park fees and delinquent personal property taxes collected in a timely manner to other various units of local government.

The township should distribute trailer park fees and delinquent personal property taxes as they are collected.

RESOLUTION - A portion of the trailer park fees and delinquent personal property taxes were paid.

10. At March 31, 2004 the imprest payroll bank account has a balance of approximately \$11,000 (\$9,600 at March 31, 2005). This bank account should have a small balance which is consistently maintained (only enough to keep the bank account open).

This large balance is created by withholding various items from employees pay checks, such as fire uniforms and cell phones, and not distributing those items withheld to the proper fund that actually paid for the fire uniform, cell phones, etc.

The township should determine the required distribution of this excess balance and distribute the money accordingly.

RESOLUTION - Approximately \$4,800 was distributed subsequent to March 31, 2005.

CURRENT YEAR COMMENTS

1. It was noted that third party billing in the Fire Operating Fund was significantly lower in the current fiscal year than provided in the budget and also when compared to the two previous fiscal years.

The Township Board should request an explanation for this decrease.

2. The Williamson Road sewer system has been in operation for approximately two years. The sewer service has not been billed to the residents.

The township should commence billing the residents for sewer service immediately. Further, the residents should be retroactively billed for all unpaid sewer service since inception.

3. The township adopted a deficit budget in the West Lake Weed Control, North Lake Weed Control and Lakeshore Road Debt Service Fund.

The township should not adopt a budget that indicates budgeted expenses in excess of budgeted revenue and fund balance.

4. The township has adopted a medical reimbursement plan. According to the information given to me this plan is to cover non generic prescription medication only.

It does not appear that this plan only covers non generic prescription medication, however, only your attorney is qualified to render an opinion on this legal document. The Township Board should request an opinion from the attorney concerning the medical reimbursement plan.

5. Several of the above comments have been noted in the past without resolution.

The Township Board should take the necessary steps to resolve each comment.

Honorable supervisor and members
of the Township Board
Page 5

This report is intended solely for the information and use of the Township Board, and the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Richard B. Parker

Certified Public Accountant

July 8, 2005
Holton, Michigan